Australasian Association of Nuclear Medicine Specialists

PRE-BUDGET SUBMISSION:

STRENGTHENING MEDICARE THROUGH THE RE-INDEXATION OF NUCLEAR MEDICINE ITEMS ON MBS

EXECUTIVE SUMMARY

Australian patients requiring nuclear medicine services are facing higher out of pocket costs as a result of inaction from successive governments to adequately fund and index nuclear medicine items on Medicare for more than 20 years.

On average every Australian is likely to need at least two nuclear medicine services during their lifetime for the diagnosis and treatment of a wide range of conditions including the five highest causes of death in Australia: heart disease, dementia, stroke, cancer and lung disease.

With over 800,000 services delivered in Australia every year, nuclear medicine is a vital component of the Australian health system. Nuclear medicine can save healthcare resources by reducing the duplication of less accurate diagnostic tests, as well as earlier diagnosis of diseases with better prognoses.

The history of non-indexation goes back nearly 25 years when MBS rebates were initially frozen by the Coalition government in 1998. Nuclear medicine remains the only medical imaging modality that has not had indexation reinstated to date.

The Australasian Association for Nuclear Medicine Specialists (AANMS) welcomes the government's commitment to strengthen Medicare by addressing "a decade of cuts and neglect".[1]

A commitment to re-index all nuclear medicine items on Medicare will support the government's commitment to strengthen Medicare by delivering a more sustainable funding mechanism for nuclear medicine services, as well as assist in reversing the decreasing nuclear medicine services to patients in rural and regional Australia and encourage more trainees to enter specialties that deliver nuclear medicine.

Further, there are some disturbing trends emerging on cancer diagnosis during the pandemic - in Victoria alone, cancer diagnosis in 2020 was 7% below what would ordinarily be expected and 4.3% below in 2021.[2]

Data from the ABS indicates that migration out of Australia's capital cities is continuing to rise, with figures from 2021 setting a new net loss record for capital cities. This came as 66,300 Australians made the move to regional and rural areas, which is the area of greatest impact given the constriction of nuclear medicine services in these areas due to the lack of indexation. Cancer Council argues that there is a renewed urgency to tackle inequalities, given that so many Australians are leaving the cities due to the repercussions of COVID-19.[3]

Failure to address these issues will result in further constriction of nuclear medicine accessibility and availability throughout metropolitan and rural Australia and reduce the capacity of our health system to successfully treat patients with serious health conditions, resulting in poorer health outcomes and increased costs to the economy.

AANMS recommends that the government commit in the May 2023 budget to reindex all nuclear medicine items on Medicare. Doing so supports the overarching goal of the federal government to strengthen Medicare and ensure access to life-changing healthcare for all.[4]

Within the context of the federal health budget, we believe this proposal represents a modest financial impact to government that will deliver a significant benefit to patients suffering from a range of life-threatening illnesses.

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[1] Health Ministers 2022, https://www.health.gov.au/ministers/the-hon-mark-butler-mp/media/budget-october-2022-23-strengthening-medicare?language=en

[2] The Age 2022, https://www.theage.com.au/national/victoria/thousands-of-cancer-cases-in-victoria-going-undiagnosed-20221207-p5c4ii.html

[3] Cancer Council NSW 2022, https://www.cancercouncil.com.au/news/calls-for-equal-access-to-cancer-care-in-australia/

[4] Strengthening Medicare Taskforce 2022, https://www.health.gov.au/sites/default/files/documents/2022/07/strengthening-medicare-taskforce-communique-29-july-2022.pdf

MBS INDEXATION FOR NUCLEAR MEDICINE

Background: Nuclear Medicine

Nuclear medicine is a critical clinical tool for assessing, diagnosing, staging, and treating illnesses and conditions early and effectively. The use of nuclear medicine ensures patient treatment and outcomes are optimized by enabling a more accurate diagnosis of medical conditions. Nuclear medicine doctors are specialists with approximately eight years of post-graduate training.

Nuclear medicine is an internal medicine specialty that uses small amounts of radioactive materials or "tracers" to provide a picture of organ and tissue function in order to diagnose, stage and treat disease. This allows the nuclear medicine specialist to visualise disease in organs and tissues that are traditionally difficult to see using other imaging techniques such as x-rays, CT and MRI, which only look at organ structure.

Nuclear medicine may also be used therapeutically to control, and in some cases cure, a range of conditions by using radiolabelled drugs to disease cells (eg. cancer) – in a rapidly evolving field called Theranostics. These include life-saving treatments for thyroid cancer, overactive thyroid, prostate cancer, neuroendocrine tumours and bone pain caused by cancer metastasis. Theranostics combines molecular technology with personalised medicine to deliver therapy to targeted tissue and significantly improve treatment efficacy.

History of the MBS Nuclear Medicine indexation freeze

Nuclear medicine remains the only medical imaging service that has not been indexed since the former Howard Coalition government initially froze indexation of all Medicate rebates in 1998.

Between 1 July 1998 and 30 June 2008, diagnostic imaging expenditure was managed under a Memoranda of Understanding (MoU) between the Commonwealth Government and the diagnostic imaging sector. In April 2008, the Australian Government announced that the MoU would be discontinued and MBS fees applicable at that time were applied.

In the decade between 2008 and 2018, the effective cost of nuclear medicine for service providers rapidly grew and became unsustainable, resulting in higher out of pocket costs for patients.

In the 2018-19 Budget, the former Coalition government announced it would commence the phased reintroduction of indexation of MBS rebates in recognition of the growing gap between service costs and the government's contribution to patients' healthcare costs, which has not extended to nuclear medicine to date. This means that nuclear medicine items on Medicare have remained the only component of diagnostic imaging not to be re-indexed.[5]

The extent of the cost gap

Since the introduction of the rebate freeze on nuclear medicine MBS items, inflation has risen over 63 per cent and the cost of delivering nuclear medicine services has grown significantly. [6] This is partly due to the steep increased in the cost of radioactive isotopes, partly due to global supply chain issues.

Additionally, the cost of radiopharmaceuticals is contained within the MBS fee-for-service pricing structure. This means that their cost must be met from the MBS fee, as well as the professional and practice fees.

In a 2012 MBS Review of Funding for Diagnostic Services, it was acknowledged that "schedule fees for nuclear

[5] Synergies Economic Consulting 2021, https://treasury.gov.au/sites/default/files/2021-05/171663_australasian_association_of_nuclear_medicine_specialists_supporting_document.pdf

[6] Australian Bureau of Statistics 2022, https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release

medicine do not necessarily recognise the large variation in the cost of radiopharmaceuticals needed to perform them", that is, the cost of radiopharmaceuticals can be higher than the schedule fee.[7]

In 2018, The MBS Review Taskforce on Nuclear Medicine MBS Items further acknowledged that the availability and utilisation of nuclear medicine treatments in Australia are "significantly affected by these pricing issues, with rebates failing to cover the cost of the radiopharmaceuticals". [8] The taskforce recommended that the fees for nuclear medicine items be increased so that they adequately cover the cost of radiopharmaceuticals and their administration.

AANMS welcomed the Albanese government's budget measure in October 2022 to increase the MBS rebates for six nuclear medicine items to address the significant cost gap associated with the supply of some therapeutic radiopharmaceuticals (e.g., I-131). However, without reinstating indexation of all nuclear medicines, these measures will not be enough to close the cost gap facing the sector.

Whilst the increased MBS rebates will assist in addressing the cost gap in the short term, providers of radiopharmaceuticals are left vulnerable to price fluctuations. This is because the price of radiopharmaceuticals in Australia are not fixed and vary according to individually negotiated agreements between suppliers and practices, and it is therefore not possible to estimate a standard price for nuclear medicine therapeutics.[9]

The Australian Nuclear Science and Technology Organisation (ANSTO) has indicated that there has not been a price review since 2019 due to supply and COVID-19 related issues, therefore the cost of basic radiotracers have increased between 2-5 per cent in October 2022, with further revision again in May 2023.

Implications of the multi-decade freeze

Increased out-of-pocket costs for patients

Nuclear medicine practitioners may continue to provide nuclear medicine services but be forced to shift the costs of provision onto the patient to maintain their economic viability. This will result in nuclear medicine services becoming increasingly cost-prohibitive to patients, especially in the rural and remote setting.

Due to Medicare regulations concerning gap payments, the relatively high cost of individual tests and the risk to practices of delayed or lost payment cheques, the pressure to bulk bill is very high and many would rather cease providing a test that is marginally or non-profitable rather risk patient non-attendance, delayed payments and the cost of administrating the Medicare processes.

In situations where nuclear medicine diagnostic testing is superior to alternative diagnostic imaging tests, but patients are unable to access the nuclear medicine test due to the increasing out-of-pocket costs, there will be an increased risk of adverse health outcomes and additional downstream costs on the health system.

Access to nuclear medicine services for rural and remote services

The impacts of reduced provision of nuclear medicine services and increased costs resulting from a lack of indexation is being felt disproportionately within rural and remote areas. Most nuclear medicine services are delivered in metropolitan areas, meaning communities in rural and remote Australia already face challenges accessing these services.

Cancer Australia data shows that those living in rural or remote areas of the country face an increased risk of dying within five years of cancer, compared to those living in urban areas.[10]

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[7] Medical Benefits Reviews Task Group 2012, https://www.aph.gov.au/DocumentStore.ashx?id=3af9956d-9e28-4855-a75f-c7e4f4ac2419&subId=252414

[8] MBS Review Taskforce 2018, https://www.health.gov.au/resources/publications/taskforce-final-report-mbs-items-for-nuclear-medicine

[9] MBS Review Taskforce 2018, https://www.health.gov.au/resources/publications/taskforce-final-report-mbs-items-for-nuclear-medicine

[10] Cancer Council 2022, Cancer Council NSW 2022, https://www.cancercouncil.com.au/news/calls-for-equal-access-to-cancer-care-in-australia/

Consumer research by YouGov shows that people living in regional areas are indeed feeling the geographical divide when it comes to provision of cancer treatment: more than 1 in 4 Australians living in regional areas believe that access to cancer care is not equal among everyone, but nine in ten Australians are in support of measures to ensure equal access to cancer care, regardless of location.[11]

Issues relating to access are compounded by an increased likelihood that rural and remote patients will be required to pay out-of-pocket. For example, in NSW, there are currently three regional sites with functional scanners that continue to be unused, as patients are unable to claim a rebate for the use of diagnostic imaging tests and many are unable to afford the A$800 to $1,000 out-of-pocket costs.[12]

In instances where a patient does not have the option of a suitable medical alternative within their local hospital, they may be required to travel significant distances and endure significant financial and emotional risks for crucial, life-saving treatment.

For many nuclear medicine practices in rural areas, costs of service delivery are exceeding revenue. This is due to both the ongoing lack of indexation, as well as increased costs of radiopharmaceuticals, utilities, and transport. To date, nine independent nuclear medicine practices in non-metropolitan areas have closed their doors permanently due to the unsustainable cost of service delivery.[13]

Reduced availability of nuclear medicine services

As costs continue to increase, continued lack of indexation will create incentives for nuclear medicine practitioners to reduce their scope of services, as the revenue derived from providing services is not sufficient to cover the total costs of service provision.

According to a survey conducted by Synergies of 64 AANMS members, 59 per cent of respondents indicated they had responded to the rising costs by ceasing to provide poorly funded nuclear medicine procedures, which funnels these into an already strained public hospital system, and rural patients having to travel to metropolitan public hospitals to access these services.[14] A further 22 per cent indicated they closed sites altogether - these respondents have instead utilised inferior diagnostic services that provide better renumeration through the MBS - which is not the best practice clinically or fiscally, as these provide unnecessary additional radiation exposure to patients, with the alternatives that are often less precise and effective.[15] This then leads to inferior patient health outcomes and additional costs being imposed on the healthcare system.

Workforce impacts

The lack of indexation is also impacting the nuclear medicine workforce, in particular the attractiveness of the specialty for trainees. Since 2017, there has been an annual decline in the number of nuclear medicine trainees. In 2021 and 2022, there were only 25 trainees across 44 accredited training positions each year.

AANMS members indicate that this is due to a combination of inadequate funding and a lack of interest in nuclear medicine training due to the perception that other specialties are better funded, remunerated and supported by the government.

[11] Cancer Council 2022, Cancer Council NSW 2022, https://www.cancercouncil.com.au/news/calls-for-equal-access-to-cancer-care-in-australia/
[12] Rural Alliance in Nuclear Scintigraphy 2022.
[13] Rural Alliance in Nuclear Scintigraphy 2022.
[14] Synergies Economic Consulting 2021, https://treasury.gov.au/sites/default/files/2021-05/171663_australasian_association_of_nuclear_medicine_specialists_supporting_document.pdf
[15] Synergies Economic Consulting 2021, https://treasury.gov.au/sites/default/files/2021-05/171663_australasian_association_of_nuclear_medicine_specialists_supporting_document.pdf

Increasing community needs

In 2021, it was estimated that 151,000 Australians would be diagnosed with cancer.[16] This number continues to grow each year in Australia due to advances in screening, early detection, and better outcomes from treatment. Although this is good news, it also means that there is an imperative to ensure resources within the health system are allocated efficiently and targeted appropriately. According to the AIHW, cancer ranked third in terms of estimated total Australian health system expenditure in 2015–16 and accounted for 8.6 per cent of total disease expenditure[17] despite being responsible for 18% of the total burden of disease (2018 figures).[18] In the 2015-16 at financial year, health system expenditure on cancer was estimated to be $10.1 billion, $9.7 billion of which was to support diagnosing and treating cancer.[19]

With earlier and more precise diagnoses and effective treatment, nuclear medicine can assist in reducing avoidable costs to the healthcare system. Specifically, the use of nuclear medicine reduces the need for multiple diagnostic tests or treatments that a patient would otherwise have to undergo.

For example, early detection of bowel cancer can result in the removal of the cancer for a cost of less than A$2,000. However, if caught at a later stage, the cost of treatment rises to A$66,000 on average. As roughly 78 per cent of bowel cancer is cases diagnosed in late stages, the savings that could be gained from early and more accurate diagnosis, including through the increased use of nuclear medicine, is significant.[20]

When these benefits are applied to cancer diagnoses across the entire population, the economic benefits of re-indexation, and thus increased usage, of nuclear medicine-related items for diagnosis are clear.

PROPOSAL

AANMS recommends that the federal government reinstate indexation for all nuclear medicine MBS items in line with the Medicare indexation factor utilised in other clinical MBS items.

The federal government has indicated its commitment to strengthen Medicare and enable concrete results for patients, in particular through supporting access to care, which is modern, inclusive and harnesses this critical medical technology to address the changing needs of the Australian community. The re-indexation of nuclear medicine items on the MBS offers an opportunity for government to fulfill this commitment and support the best possible health outcomes for Australians.

Given that nuclear medicine has not been indexed since 1998 (25 years in 2023), AANMS is seeking an initial 10 per cent increase for all MBS items for nuclear medicine in the 2022-23 budget, to re-establish the viability of nuclear medicine in Australia. In subsequent years, nuclear medicine MBS items should be re-indexed in line with the Medicare indexation factor utilised in other clinical MBS items.

Budget

Initial year (10%): Approximately A$33.6 million – based on 2021 data

Ongoing estimated cost over the forward estimates – currently at 1.6%[21]: Approximately A$5.4 million per year.

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[16] Australian Institute of Health and Welfare 2021, https://www.aihw.gov.au/reports/cancer/cancer-in-australia-2021/summary
[17] Australian Institute of Health and Welfare 2021, https://www.aihw.gov.au/reports/cancer/cancer-in-australia-2021/summary
[18] Australian Institute of Health and Welfare 2021, https://www.aihw.gov.au/reports-data/health-conditions-disability-deaths/burden-of-disease/overview
[19] Australian Institute of Health and Welfare 2021, https://www.aihw.gov.au/reports-data/health-conditions-disability-deaths/burden-of-disease/overview
[20] Synergies Economic Consulting 2021, https://treasury.gov.au/sites/default/files/2021-05/171663_australasian_association_of_nuclear_medicine_specialists_supporting_document.pdf
[21] MBS Online, July 2022, http://www.mbsonline.gov.au/internet/mbsonline/publishing.nsf/Content/news-220701

About AANMS

The Australasian Association of Nuclear Medicine Specialists (AANMS) is a peak body representing medical practitioners working in the field of nuclear medicine diagnosis and therapy. It works to promote and advance the clinical practice of nuclear medicine, which can be used to both diagnose and treat patients with cancer, dementia, paediatric renal disorders, cardiopulmonary and endocrine diseases.

There are currently almost 500 qualified nuclear medicine specialists in Australia, operating from approximately 200 sites around the country. The role of AANMS is to represent the interests of these specialists, while also supporting research, training, and networking in the field.

The AANMS is, on behalf of its membership, requesting the re-indexation of nuclear medicine related items on the MBS, in order to ensure that patients have access to the best services that promote the best outcomes.

Contact

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